

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

STAT

FROM: 015/CRD
322 AMES

EXTENSION

NO.

DATE

Case No. 83-4601
12/28

TO: (Officer designation, room number, and building)

DATE

RECEIVED FORWARDER

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDI/IRG

24 Dec 83

R

1-3
See note below
for due date.

STAT

SOVA

3 Jan 84

STAT

4.

STAT

We would appreciate
a DDI review of the
attached speech on
US/USSR defense
spending imbalance.Background material
says speech is based
on a Feb 83 CIA
assessment.A reply by 3 Jan
would be appreciated
if possible.8. 015/CRD
322 AMES

9.

10.

11.

12.

13.

14.

15.

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1. DDI/IRO

27 Dec 83 R

1-3
See note below
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SOVA

S/Spofford

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10.

11.

12.

13.

14.

15.

30 December 1983

STAT

MEMORANDUM FOR:
Program Staff

SUBJECT: Coordination Comments on "Speech Insert"
Proposed for use by CINCSAC

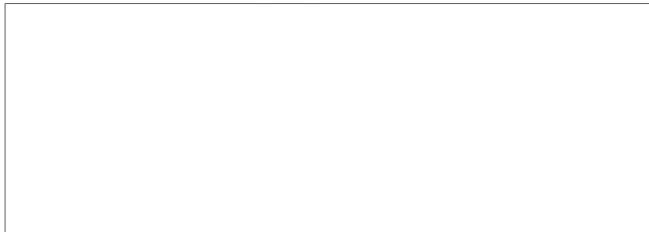
1. We have only two brief comments on the speech insert on comparisons of US and Soviet defense costs in dollar terms:

- o The data are in calendar year 1981 dollars, not fiscal year.
- o The data in no way represent Soviet defense expenditures and should not be referred to as such. The Soviets, of course, spend rubles not dollars. The dollar concept measures to what it would cost the US to field and man a force the size of the actual Soviet force and to operate it the way the Soviets do.

We have annotated the draft to take account of these comments.

2. The CIA data quoted in the speech insert is correct. We cannot verify the US weapons' prices.

STAT



Distribution:

Original - Addressee
1 - EA/C Chrono

OFFICIAL USE ONLY

DIRECTORATE FOR FREEDOM OF INFORMATION
AND SECURITY REVIEW OASD(PA)
COORDINATION RECORD

CASE NO.

83-4601

DATE

21 December 1983

TO:	DESCRIPTION
CIA	
OUSD(P)	
OUSD(R&E)	
OASD(C)	
OJCS	
NET ASSESSMENT	
OSAF/PAS	
DIA	
	SPEECH INSERT: "Comparison of U.S.-U.S.S.R. Defense Expenditures 1972-81", for use by CINCSAC and other senior SAC personnel in public speeches, prepared by SAC/XPPE.
	Submitted by Hq SAC/PAM

THE ATTACHED MATERIAL IS FORWARDED FOR REVIEW AND COMMENT IN ACCORDANCE WITH THE GUIDELINES ON THE REVERSE OF THIS FORM. QUESTIONS CONCERNING THIS CASE SHOULD BE DIRECTED TO

NOTE: Soviet data based on CIA publication "A Comparison of Soviet & U.S. Defense Activities - 1972-81", SOV83-10035, Feb 83, (S/NFD), pages ii-iv, and chart on page 11.

A REPLY IS REQUESTED BY 4 January 1983

STAT

COORDINATION OFFICE ACTION

TO: Directorate for Freedom of Information and Security Review, OASD(PA)

REVIEW BY THIS OFFICE, IN ACCORDANCE WITH THE GUIDELINES ON THE REVERSE SIDE OF THIS FORM, RESULTS IN THE FOLLOWING RECOMMENDATION CONCERNING CLEARANCE FOR PUBLICATION (check one):

 NO OBJECTION AS RECEIVED. NO OBJECTION SUBJECT TO AMENDMENTS MADE BY THIS OFFICE (in black pencil).
REASONS FOR AMENDMENTS (security or policy) ARE SPECIFIED BY PAGE NUMBERS LISTED BELOW. OBJECTION. AMENDMENTS TO PERMIT PUBLICATION ARE IMPRACTICABLE. REASONS ARE STATED BELOW.

The CIA data quoted in the speech insert, "Comparison of U.S. - U.S.S.R. Defense expenditures 1972-81," is correct and UNCLASSIFIED. We cannot verify the U.S. weapons' prices.

CIA has two brief comments on the speech insert on comparisons of U.S. and Soviet defense costs in dollar terms:

- a. The data are in calendar year 1981 dollars, not fiscal year.
- b. The data in no way represent Soviet defense expenditures and should not be referred to as such. The Soviets, of course, spend rubles not dollars. The dollar concept measures to what it would cost the U.S. to field and man a force the size of the actual Soviet force and to operate it the way the Soviets do.

We have annotated the draft to take account of these comments.

Sincerely.

STAT

STAT

(Continue on reverse side if necessary.)

ORGANIZATION
Chief, Classification

DATE

Review Division, OIS/DDA, CIA

06

SD FORM 373
1 SEP 77

REPLACES SD FORM 373, 1 MAY 74, WHICH IS OBSOLETE.

RECOMMENDED SPEECH INSERT

THE CENTRAL INTELLIGENCE AGENCY ESTIMATED THAT DURING THE PERIOD
~~THE DOLLAR'S COST OF~~
1972-81 SOVIET ~~SPENDING ON~~ MILITARY RESEARCH AND DEVELOPMENT,
MILITARY WEAPON SYSTEMS PROCUREMENT, AND MILITARY FACILITIES,
EXCEEDED THAT OF THE UNITED STATES BY ABOUT \$619B (CONSTANT
CY81 ~~(FY81)~~ \$). THE MAGNITUDE OF THIS GAP IS DIFFICULT TO COMPREHEND
IN TERMS OF PURCHASING POWER SO PERHAPS AN ILLUSTRATION WOULD
BE HELPFUL. HAD WE SPENT THAT \$619B DURING THE SAME TIME
PERIOD WE COULD HAVE: BOUGHT AND OPERATED 244 B-1 BOMBERs;
THE ONCE PLANNED PEACEKEEPER MISSILE PROGRAM OF 200 MISSILES AND
4,500 SHELTERS; THE TRIDENT SUBMARINE PROGRAM (16 BOATS) WITH
TRIDENT MISSILES (370 C-4s); THE TOTAL E-4 AIRBORNE COMMAND
POST PROGRAM (6); ALL 34 E-3A AWACS AIRCRAFT; PLUS THE
PLANNED BUY OF F-14s (521), F-15s (749), F-16s (1336), AND
A-10s (743) FOR TACTICAL AIR MODERNIZATION; OVER 7,000 M-1
MAIN BATTLE TANKS AND 81 C-5 TRANSPORTS FOR GLOBAL MOBILITY;
CONSTRUCTED A NEW \$70,000 HOUSE FOR EVERY MAN, WOMAN, AND
CHILD IN THE STATE OF NEBRASKA; AND STILL HAD OVER \$15B LEFT
OVER. I AM NOT SUGGESTING FOR A MOMENT THAT THIS WOULD HAVE
BEEN A DESIRABLE OR ACHIEVABLE PROGRAM, MERELY HIGHLIGHTING
WHAT A LARGE SUM OF MONEY \$619B REALLY IS.

4601

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STAFF SUMMARY SHEET

TO	ACTION	SIGNATURE (Signature), GRADE AND DATE	TO	ACTION	SIGNATURE (Signature), GRADE AND DATE
1 AD	COORD	ATTACHED	2 CC	INFO	
2 DP	COORD	ATTACHED	3 PA	COORD	
3 IN	COORD	ATTACHED	4		
5 CS	INFO		6		
6 CV	INFO		7		
			8		
			9		
			10		

SUBNAME OF ACTION OFFICER AND GRADE

SYMBOL

PHONE

TYPE/TIS/INIT

SUPERSED DATE

Capt Fehler

XPPS

46122

jat

SUBJECT
Comparison of US-USSR Defense Expenditures

DATE

5 DEC 1983

SUMMARY

1. Tab 1 contains a proposed speech insert for CV use which compares US-USSR defense spending imbalance. The insert illustrates the magnitude of the defense spending gap by showing what the US could have bought with the difference (\$519B-FY81 \$). The \$519B difference in US-USSR defense spending is quoted from a Central Intelligence Agency (CIA) analysis published in February 1983. A portion of the analysis is at Tab 2 with supporting rationale at Atch 1. The "laundry list" is based on a snapshot of programs as they appeared during the 1970s, and assumes the US would have spent the difference during the same time period.

2. Tabs 3 and 4 contain supporting data and methodology used to construct the speech insert.

CY 81

Expressed in Billions of ~~FY81~~ Dollars

Difference Between [US and] Dollar Cost of US and Soviet
Soviet Defense ~~Expenditure~~ (1972-81) \$519.0 (Tab 2)

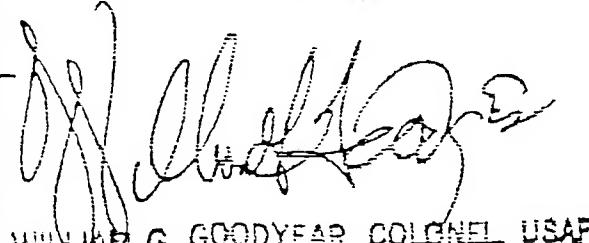
Activities

Weapon System Laundry List - \$495.9 (Tab 3)

Hypothetical Housing Purchase - \$107.7 (Tab 4)

Left Over

\$ 15.4 Billion



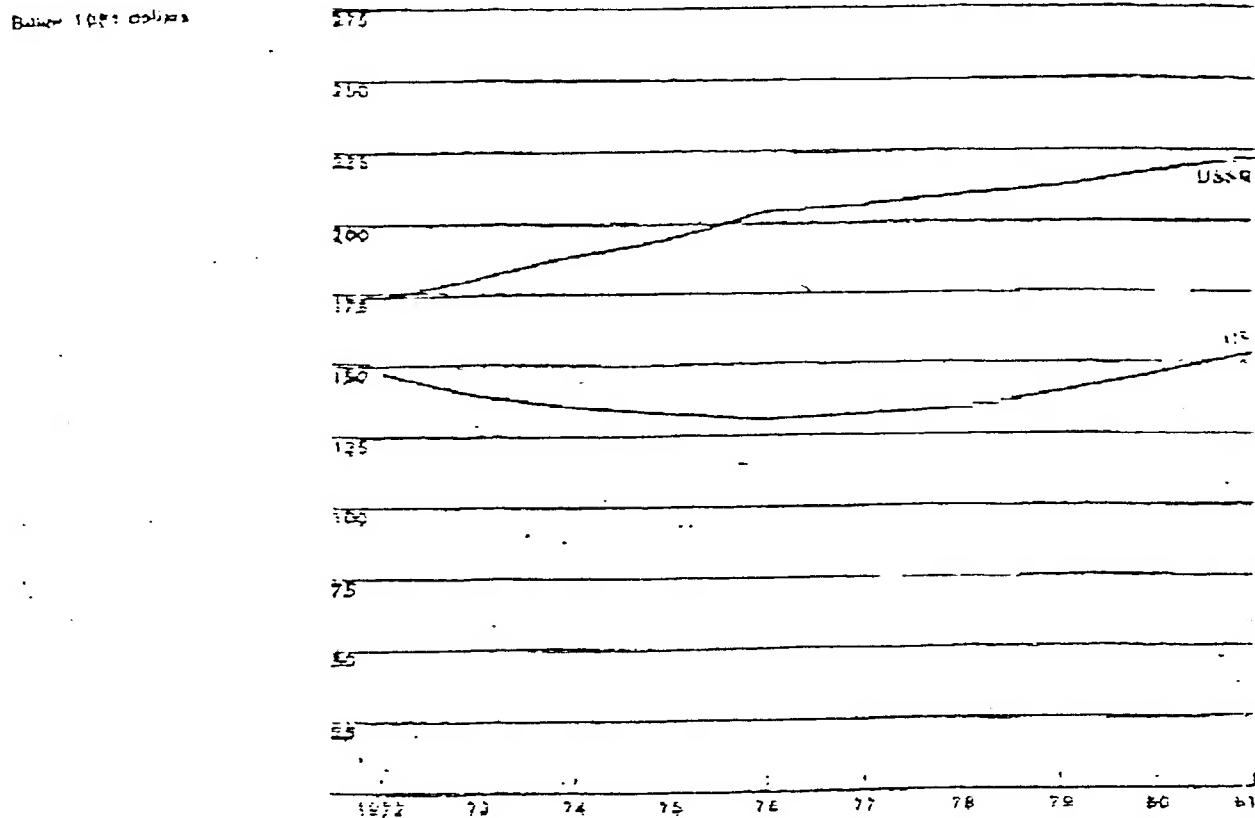
WILLIAM G. GOODYEAR, COLONEL, USAF
ASST FOR PLANS AND POLICY, DOS/PLANS

4 Tabs

1. Speech Insert
2. CIA Analysis extract
3. List of Programs
4. Hypothetical Housing Purchase

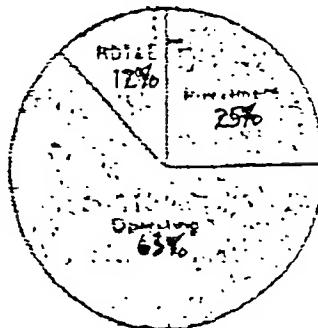
U.S. and Soviet Defense Activities

A comparison of U.S. outlays with estimated dollar costs of Soviet activities

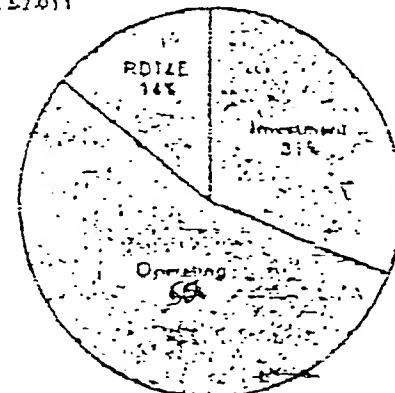


Comparison, 1971-81

U.S.
Total \$1,292



USSR
Total \$2,051



Unclassified

Page Denied

Program	Total Program Cost (FY81 \$M)	Snapshot Year	Quantity
B-1	26,386.7	1978	244
Peacekeeper	37,700.0	1980	200 (4,600 Shelters)
Trident	27,039.8	1974	10
Trident C-4	12,355.2	1974	370
F-14	19,846.8	1978	521
F-15	16,589.8	1978	749
F-16	13,932.1	1978	1,396
A-10	5,119.1	1978	743
E-3A	5,665.5	1978	34
B-4	736.6	1978	6
C-5	9,162.0	1972	81
M-1	8,936.1	1978	7,068
Total	183,469.7	= \$183.5B	

Source: EG USAF/ACMC

-- Total program costs include procurement, RDT&E, and major system-related MILCON.

--- O&M not available; however, CIA says over 1972-81 period, cumulative US total was comprised of:

RDT&E	-	12%
Investment (Procurement & MILCON)	-	25%
O&M	-	63%

-- Using the CIA analysis we have assumed the Investment/RDT&E amount (\$183.5B) is only 37% of the total required to field the system (during that time period).

--- Given that assumption:

$$\frac{183.5B}{X} = 37\%$$

X = Total cost (including O&M)

X = \$495.9B

BACKGROUND PAPER

ON

US MEDIAN HOUSING PRICES

SUBJECT

- Methodology used to construct hypothetical housing purchase for CINCSAC/CV speech insert.
- Quotation, "... constructed a new \$70,000 house for every man, woman, and child in Nebraska"

DISCUSSION

- Hypothetical housing purchase constructed to illustrate magnitude of difference in US-USSR defense spending (1972-81, \$619B).
- Assumed purchase occurred in 1981.

US Median Housing Prices

(Thousands of \$)

<u>Year</u>	<u>Median Price</u>
1972	27.6
1973	32.5
1974	35.9
1975	39.3
1976	44.2
1977	48.8
1978	55.7
1979	62.9
1980	64.6
1981	66.9

-- US Median Housing Prices from US Dept of HED and the Census Bureau.

Capt Rehler/EPPE/46122/jat/4 Dec 83

-- Nebraska population 1980-81 = 1,538,788.

--- Based on 1980 census (source: Nebraska Blue Book).

- 1,538,788 X \$70,000 = \$107.7B.